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Market Administrator's

BULLETIN

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ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

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Cash Receipts Up 10 Percent In 1966 Further Rises Probable In 1967

The Dairy Situation, Economic Research Service, USDA, May, 1967

Cash receipts from farm marketings of milk and cream reached \$5.5 billion in 1966—up about 10 percent from the \$5.0 billion of 1965. With prospects for 4 to 5 percent higher prices and little change in marketings, a further gain is probable in 1967.

Average returns per 100 pounds of milk sold in all forms rose 13 percent to \$4.81 in 1966 from \$4.26 in 1965. Average prices were \$4.78 per 100 pounds for milk sold to plants and dealers; 65.2 cents per pound for milk-fat sold in farm-separated cream; and 23.2 cents per quart of milk equivalent retailed by farmers.

Cash receipts in 1966 increased from a year earlier in all regions because prices increased sharply. Marketings dropped in the 3 major milk-producing geographical regions—North Atlantic and East and West North Central regions—and increased only fractionally in other areas. Relative increases in cash receipts were affected by these changes in marketings as well as the substantial price gains. Gains in cash receipts ranged from 15 percent in the South Central region to 5 percent in the North Atlantic region. However, cash receipts declined in both Alaska and Hawaii.

Marketings of milk and cream dropped 3 percent to 114.7 billion pounds

from the 118.2 billion in 1965. Following a drop in 1965, the amount of milk sold to plants and dealers declined by 2.4 percent. Sales as farm separated cream fell 19 percent, slightly more than the 18 percent in 1965. Farm separated cream sales were 3 billion pounds milk equivalent—only 2.6 percent of the milk marketed by farmers, compared with 14 percent in 1955.

The proportion of milk eligible for fluid use—commonly called Grade A milk—rose to 70 percent of milk sold to plants and dealers in 1966 and manufacturing grade milk dropped to 30 percent of milk sales from 31 percent in 1965.

CERTIFICATE OF MERIT

Fred W. Issler, Market Administrator for this order has been awarded a Certificate of Merit by the United States Department of Agriculture for providing outstanding leadership in organizing and administering milk orders resulting in exceptionally effective operation, important technological improvements and development of well-qualified personnel for the Federal order program. Mr. Issler has been Market Administrator for this order since its inception.

CCC DAIRY PRODUCT REMOVALS ABOVE YEAR EARLIER RATES

*The Dairy Situation, Economic Research Service,
USDA, May, 1967*

During January-March 1967, USDA removed from the market through the dairy support and related programs butter and cheese equivalent to 2.3 billion pounds of milk and 188 million pounds of nonfat dry milk. These removals were sharply more than the 0.2 billion pounds milk equivalent and 132 million pounds of nonfat dry milk for the same period of 1966. Increased purchases resulted from slightly higher milk production and marketings, decreased fluid whole milk and cream use, and higher dairy imports.

During April-June, product output reaches peak seasonal levels; therefore, USDA removals also reach their highest levels in this quarter. With seasonally increasing milk production and high levels of dairy imports, CCC purchases in April-June likely will continue substantial.

Net removals in the marketing year ending March 31, 1967, were equivalent to 2.7 billion pounds of milk (2.4 percent of estimated marketings), slightly less than the 2.9 billion pounds of milk (2.5 percent of estimated marketings) removed in 1965/66. Despite relatively low production and carryover stocks in 1966-67, increased

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Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	\$4.86	\$4.87	\$4.41
Class I (3.5%)	5.60	5.50	5.13
Class II (3.5%)	3.91	3.91	3.56
Producer Butterfat Differential for each one-tenth percent	8.9¢	8.9¢	8.3¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	72.3	75.3	71.3
Percent of Producer Butterfat in Class I	67.3	69.1	67.4
Percent of Producer Milk in Class II	27.7	24.7	28.7
Percent of Producer Butterfat in Class II	32.7	30.9	32.6

PRODUCER MILK RECEIPTS

Total Pounds Producer Milk Delivered	50,798,786	47,113,195	50,771,018
Average Daily Class I Producer Milk	1,204,313	1,223,760	1,214,659
Total Number of Producers	1,539	1,540	1,567
Average Daily Receipts per Producer	1,065	1,020	1,045
Average Butterfat Test	3.72	3.75	3.69
Total Value of Producer Milk at Test	\$2,687,510.	\$2,493,757	\$2,445,166
Income per Producer (7 Day Average)	\$394.	\$377	\$352

GROSS CLASS USE (Pounds)

Class I Skim	35,472,608	34,257,682	34,928,346
Class I Butterfat	1,270,547	1,222,814	1,262,619
Class I Milk	36,743,155	35,480,496	36,190,965
Class II Skim	13,438,469	11,086,680	13,969,618
Class II Butterfat	617,162	546,019	610,434
Class II Milk	14,055,631	11,632,699	14,580,052

AVERAGE DAILY SALES (Quarts)

Milk	410,941	414,782	426,318
Buttermilk	5,694	5,825	6,361
Chocolate	32,449	31,754	32,819
Skim	12,738	12,200	12,591
Cream	6,931	6,823	8,241

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



MAY, 1958 - '67

Year	Receipts From Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1958	30,140,831	3.69	66.3	7.6	9.5	16.6	3.56	4.274	3.874	3.274	2.851	1,822	534
1959	32,669,711	3.68	69.6	7.4	3.0	20.0	3.58	4.289	3.839	3.507	2.887	1,767	596
1960	33,354,543	3.75	67.4	7.1	2.7	22.8	3.44	4.132	3.732	3.508	2.888	1,673	643
1961	33,290,673	3.73	69.1	7.2	2.9	20.8	3.61	4.239	3.839	3.763	3.143	1,240	866
1962	38,340,798	3.69	67.1	7.9	4.7	20.3	3.44	4.06	3.717	3.569	2.949	1,315	941
1963	43,626,535	3.68	66.8	7.2	4.0	22.0	3.45	4.09	3.705	3.603	2.983	1,378	1,021
1964	53,392,057	3.66	65.0	35.0	—	—	3.55	4.17	3.12	—	—	1,674	1,029
1965	51,476,010	3.60	68.5	31.5	—	—	3.81	4.48	3.17	—	—	1,669	995
1966	50,771,018	3.69	71.3	28.7	—	—	4.41	5.13	3.56	—	—	1,567	1,045
1967	50,798,786	3.72	72.3	27.7	—	—	4.86	5.60	3.91	—	—	1,539	1,065

1966 Milk Sales Up 1.2 Percent; Consumption Down 1.6 Percent

The Dairy Situation, Economic Research Service, USDA, May, 1967

Domestic sales of milk in all dairy products rose to 115 billion pounds milk equivalent in 1966—a gain of 1.2 percent from 1965. However, domestic consumption dropped about 2 billion pounds—1.6 percent to 119.5 billion—because CCC donations of butter and cheese for use in domestic programs fell to 1 billion pounds milk equivalent from 4 billion in 1965. Among major products, fluid milk items, cheese, condensed milk, and nonfat dry milk registered sales gains; sales of fluid cream, evaporated milk, and butter continued downtrends of previous years. Sales of other items changed little from 1965 to 1966. The revised SRS estimates of fluid product sales show total sales (milk equivalent) rising, but per capita sales declining from 1964 to 1966. On a product weight basis, both total and per capita estimated sales increased in these years.

Preliminary data indicate that first quarter 1967 commercial disappearance (milk equivalent basis) totaled significantly below 1966 levels. In early 1967, sales of fluid whole milk were reported down about 2 percent from a year earlier. Sales of milk and cream mixtures dropped about 6 percent; those of cream, about 4 percent. However, the 13 percent gain in skim milk and lowfat items pulled sales of all fluid items (on a product weight basis) to about the year earlier level. Higher retail prices than the same period of 1966 and some slowing in

demand restricted sales of fluid whole milk and cream.

First quarter commercial disappearance of butter appears to have been down more than 15 percent from 1966; that of American cheese, down about 4 percent.

With improving U.S. economic conditions, seasonally lower retail dairy prices in second quarter, and a larger population, commercial disappearance of dairy products is expected to improve relative to a year earlier as 1967 progresses.

Per capita civilian consumption of milk in all dairy products dropped from the revised 616 pounds milk equivalent estimated for 1965 to 603 pounds in 1966. Prospects are for a smaller decline in 1967, because increased CCC donations of butter and cheese for school lunch and welfare programs will offset lower sales per person of some dairy products.

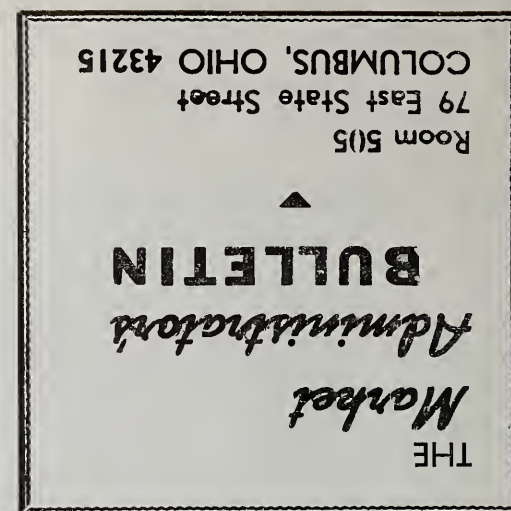
Major cause of lower per capita consumption in 1966 was the decline of butter use to 5.7 pounds from 6.4 pounds in 1965. This drop was equivalent to a decline of 15 pounds of milk per person and, together with the continued downtrend in cream and evaporated milk use, was the major cause of lower per capita milk use. Use per person of these products likely will continue downword in 1967, but use of butter likely will drop less than in 1966, because of increased CCC donations.

Per capita consumption of cheese rose to new records—6.3 pounds for American cheese and 3.6 pounds for other varieties, from the 6.1 and 3.4 pounds in 1965. These gains reflected increased sales, since CCC donations of cheese to school lunch and welfare programs dropped to an estimated 5 million pounds in 1966 from 85 million in 1965. Some of the increase in sales may have occurred because donations were not available. For this reason, and because meat prices have been lower relative to cheese prices than in most of 1966, cheese sales may gain less in 1967 than in 1966. However, CCC has been acquiring more American cheese than a year earlier, and CCC donations are expected to be above those of 1966. Therefore, gains in 1967 per capita cheese consumption are likely to be near 1966 levels.

FEED CONDITIONS

The Dairy Situation, Economic Research Service, USDA, May, 1967

Grain and concentrates fed on April 1 averaged 10.6 pounds per cow—2 percent above a year earlier. This was a smaller gain than the 5 percent of April 1, 1966. Although the value of dairy rations in April was \$3.24 per 100 pounds—up 6 percent from April 1966—farm milk prices were up 9 percent. These price changes brought the April milk-feed price ratio 3 percent above April 1966 to 1.49, a record high for the month.



Changing Fluid Milk Distribution Patterns

The Dairy Situation, Economic Research Service
USDA, May, 1967

Recently reported data for 68 Federal order markets show the 86 percent of total fluid sales was whole milk items; skim milk represented 11 percent of the total; milk and cream mixtures, 2 percent; and cream items, about 1 percent during November 1965.

The general trends in the distribution of fluid milk to larger, single-use containers and to wholesale sales appear to be continuing. About 72 percent of all fluid milk products was distributed at wholesale and 28 percent on home-delivery routes. Among types of containers used, plastic containers (rigid plastic containers and corrugated boxes with plastic liners) showed the largest gain, moving from 2.6 percent of all fluid sales in November 1964 to 4.3 percent in November 1965, while the relative use of glass containers dropped. Paper containers increased somewhat accounting for 65 percent of all fluid sales in November 1965. Although representing over 50 percent of fluid milk sales, half-gallon containers dropped slightly from the previous year as a percent of fluid milk sales, while the relative use of gallon containers increased somewhat.

Market Quotations

MAY
1967

MINNESOTA - WISCONSIN PRICE SERIES	\$3.96
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.91
Average Price per lb. 92-score butter at Chicago	.6647
Average carlot prices non-fat dry milk solids	
roller and spray process, f.o.b. manufacturing plant	.1944

CCC DAIRY PRODUCT REMOVALS (Continued from Front Page)

dairy imports caused a significant excess supply of milk. However, removals in the past 2 marketing years have been low relative to the 11.2 billion pounds milk equivalent removed in 1961-62.

Commitments of butter and nonfat dry milk to program uses decreased in 1966-67 from a year earlier, while those of cheese increased from the very low levels of 1965-66. Commitments in 1967-68 are likely to increase because uncommitted stocks of dairy products at the end of the 1966-67 marketing year were substantially above year earlier low levels, and CCC purchases currently are at sharply higher rates than the same period of 1966-67.

Net CCC butter removals through the price support and related pro-

grams were 109 million pounds in 1966-67—14 percent below 1965-66. Nonfat dry milk removals totaled 420 million pounds—about half the 1965-66 level. Cheese removals about doubled to 40 million pounds.

In the 1966-67 marketing year, USDA sales and donations of butter and nonfat dry milk fell below year-earlier levels, reflecting lower quantities removed and negligible carryin stocks on April 1, 1966. Combined CCC utilization and payment-in-kind (PIK) exports of butter and nonfat dry milk last marketing year were the lowest since 1952-53. In 1966-67, all of the cheese and most of the butter removed by CCC were utilized in domestic donations. Of the nonfat dry milk, about one-third was donated for domestic school lunch and welfare use; two-thirds was donated for use in foreign programs including AID.